

2Q FY12/2018

Business Results Briefing

Broadleaf Co., Ltd.

TSE 1st Section: 3673

August 3, 2018



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Note: Under IFRS, figures smaller than the units of display are rounded off. Under Japanese accounting standards, figures smaller than the units of display are omitted.

General Overview

Results

Actual results

The consolidated results for the first half of 2018 included increases in both revenue and profit.

Forecasts

The full-year earnings forecasts were updated to reflect the actual results for the first half.

Revenue	¥21.2 billion	(up 16.5% year on year)
Operating profit	¥3.9 billion	(up 29.5% year on year)
Profit	¥2.5 billion	(up 29.4% year on year)

Expansion of target customers

As the group strategy, full-scale sales were made to maintenance providers of all scales.

- Input of the upgrade version equipped with AI into medium-/large-scale providers (3Q)
- Input of the next-generation system (limited functions) into new small-scale providers (3Q)

Expansion of the business field

The data service operation has begun to be established as a business.

- Recall data matching commenced in cooperation with an auto manufacturer (first half)

Chapter 1 Overview of 1H Business Results



PL Summary (Consolidated, IFRS)

Exceeded the initial forecast. Significant increases in both revenue and profit from the same period of the previous year.

(¥ million)	FY2018		FY2017		FY2018
	1H		1H	YoY Change	YoY (Ratio)
Revenue	10,090		7,926	+2,163	+27.3%
Operating profit	1,542		918	+624	+67.9%
Profit	998		559	+439	+78.5%
EPS(*)	¥11.39		¥6.31	+¥5.08	+80.5%
					Initial Forecasts
					9,400
					950
					600
					¥6.85

* Calculated assuming that the stock split (1:2) which took effect on April 1, 2018 was carried out at the beginning of FY12/2017.

Sales by Category (Consolidated, IFRS)

Sales of Business Application Software exceeded the initial forecast. Revenue increased in all three areas from the same period of the previous year.

(¥ million)	FY2018	FY2017(*)			FY2018
	1H	1H	YoY Change	YoY (Ratio)	Initial Forecasts
Business Application Software	6,596	4,889	+1,706	+34.9%	5,870
System Support	649	612	+37	+6.1%	660
Maintenance	291	270	+21	+7.6%	280
Provision of Consumables	359	342	+17	+4.8%	380
Network Service	2,844	2,425	+420	+17.3%	2,870
Stock	2,334	1,921	+413	+21.5%	2,360
Transaction	453	467	-14	-3.1%	480
PSF	304	318	-14	-4.4%	330
Order Placement and Acceptance	149	150	-0	-0.2%	150
Others	58	36	+22	+59.8%	30
Total	10,090	7,926	+2,163	+27.3%	9,400

* Sales from Tajima Incorporated, which was consolidated from 3Q of FY12/2017, are not included.

(Reference) Sales by Category (Non-Consolidated, Japanese Standard)

Significant increase in sales in Broadleaf non-consolidated Business Application Software.
Continued sales growth in Network Service.

(¥ million)	FY2018	FY2017		YoY Change	YoY (Ratio)
	1H	1H			
Business Application Software	5,845	4,940		+905	+18.3%
System Support	610	610		-0	-0.0%
Maintenance	283	269		+13	+5.2%
Provision of Consumables	326	340		-14	-4.1%
Network Service	2,566	2,424		+142	+5.9%
Stock	2,054	1,921		+133	+6.9%
Transaction	452	467		-14	-3.1%
PSF	303	317		-14	-4.4%
Order Placement and Acceptance	149	149		-0	-0.2%
Others	59	35		+23	+63.9%
Total	9,023	7,975		+1,047	+13.1%

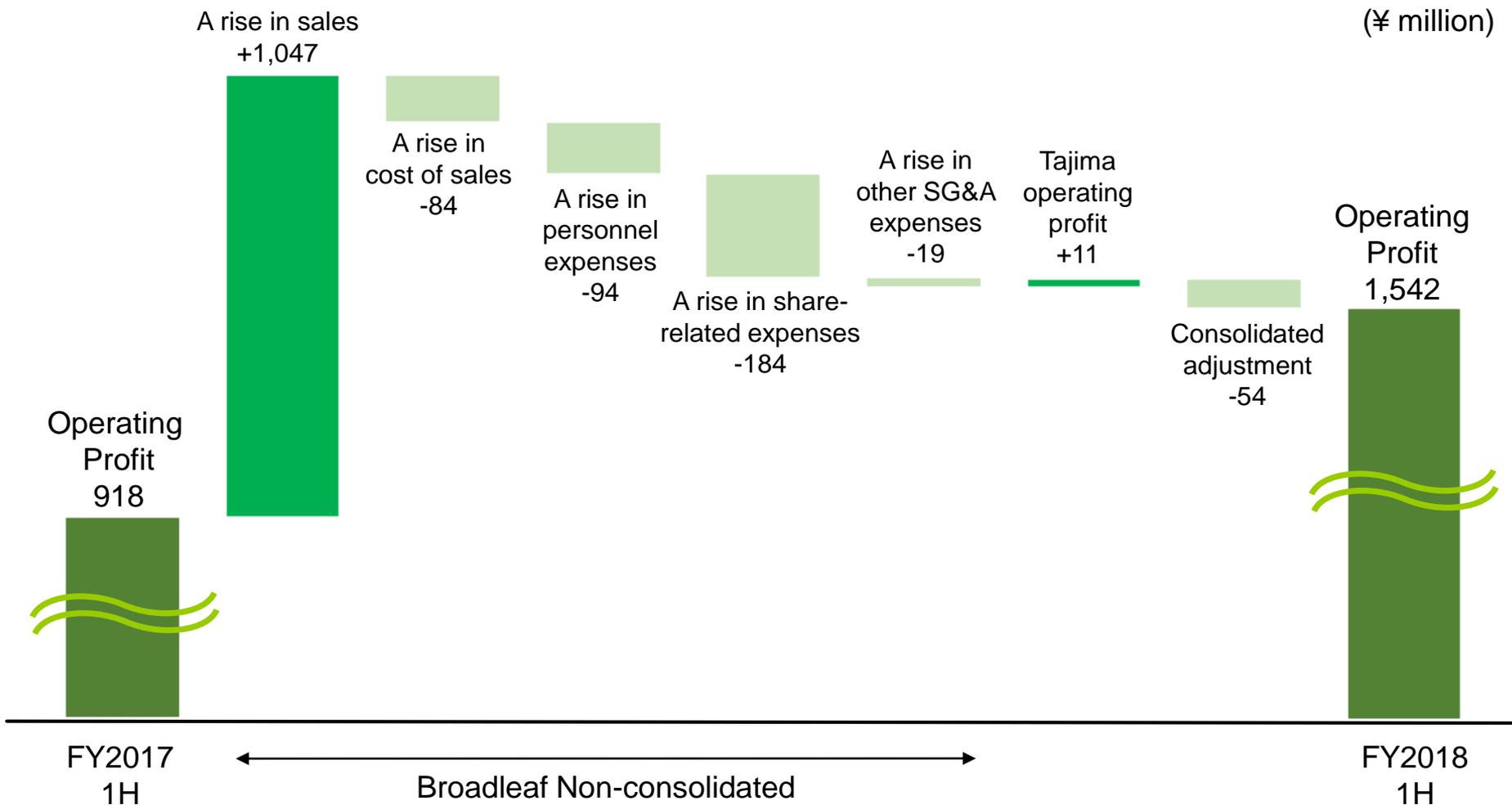
(Reference) Breakdown of Sales in Business Application Software (Non-Consolidated, Japanese Standard)

The strong performance of user renewals, especially user renewals in the automotive sector, was the driving force.

(¥ million)	FY2018	FY2017		YoY Change	YoY (Ratio)
	1H	1H			
Automotive	4,407	3,598		+808	+22.5%
Renewed	4,016	3,174		+841	+26.5%
New customers	391	424		-32	-7.8%
Non-automotive	995	883		+112	+12.7%
Renewed	683	601		+81	+13.6%
New customers	312	281		+30	+10.8%
Others	442	458		-15	-3.4%
Total	5,845	4,940		+905	+18.3%

Breakdown of Increase/Decrease in Operating Profit (Consolidated, IFRS)

In addition to the effects of the revenue increase of Broadleaf, Tajima also contributed to the profit increase.



BS Summary (Consolidated, IFRS)

Decline in cash and cash equivalents due to acquisition of own shares and dividend payout, etc.

(¥ million)	FY2018 End of 1H	End of FY12/2017	YoY Change	Main Factors for Increase/Decrease	
Current Assets	10,286	11,400	-1,114	Decrease in cash and cash equivalents	(-1,080)
Non-current Assets	17,351	16,663	+688	Increase in intangible assets	(+714)
Total Assets	27,637	28,063	-426		–
Current Liabilities	7,589	7,478	+111		–
Non-current Liabilities	431	848	-417	Decline in long-term interest-bearing debt	(-387)
Total Liabilities	8,019	8,326	-306		–
Total Shareholders' Equity	19,618	19,737	-120	Recognition of profit	(+998)
				Decrease by purchase of treasury shares	(-1,005)
				Decline due to year-end dividend payout	(-487)
Total Liabilities and Shareholders' Equity	27,637	28,063	-426		–

CF Summary (Consolidated, IFRS)

While expenditure for software development investment and other costs increased, operating cash flow increased and thus free cash flow increased.

(¥ million)	FY2018	FY2017		Main Factors for Increase/Decrease
	1H	1H	YoY Change	
CF from operating activities	1,516	562	+953	Increase in profit before tax (+642)
CF from investing activities	-1,008	-464	-544	Increase in purchase of intangible assets (-551)
CF from financing activities	-1,583	-1,424	-159	Increase in purchase of treasury shares (-475)
FCF	508	98	+410	-
Cash and cash equivalents	4,890	6,407	-1,517	-

Chapter 2 Results Forecasts



Results Forecasts (Consolidated, IFRS)

The full-year results forecasts were updated in light of the results for the first half and the recent business situation.

(¥ million)	FY2018 Full-year Forecasts (Aug. 3)	FY2017 Full-year Results	YoY Change	YoY (Ratio)	FY2018 Initial Forecasts
Revenue	21,200	18,195	+3,005	+16.5%	20,400
Operating profit	3,900	3,011	+889	+29.5%	3,300
Profit	2,500	1,932	+568	+29.4%	2,100
EPS (*)	¥28.58	¥21.81	+¥6.77	+31.0%	¥24.02

* Calculated assuming that the stock split (1:2) which took effect on April 1, 2018 was carried out at the beginning of FY12/2017.

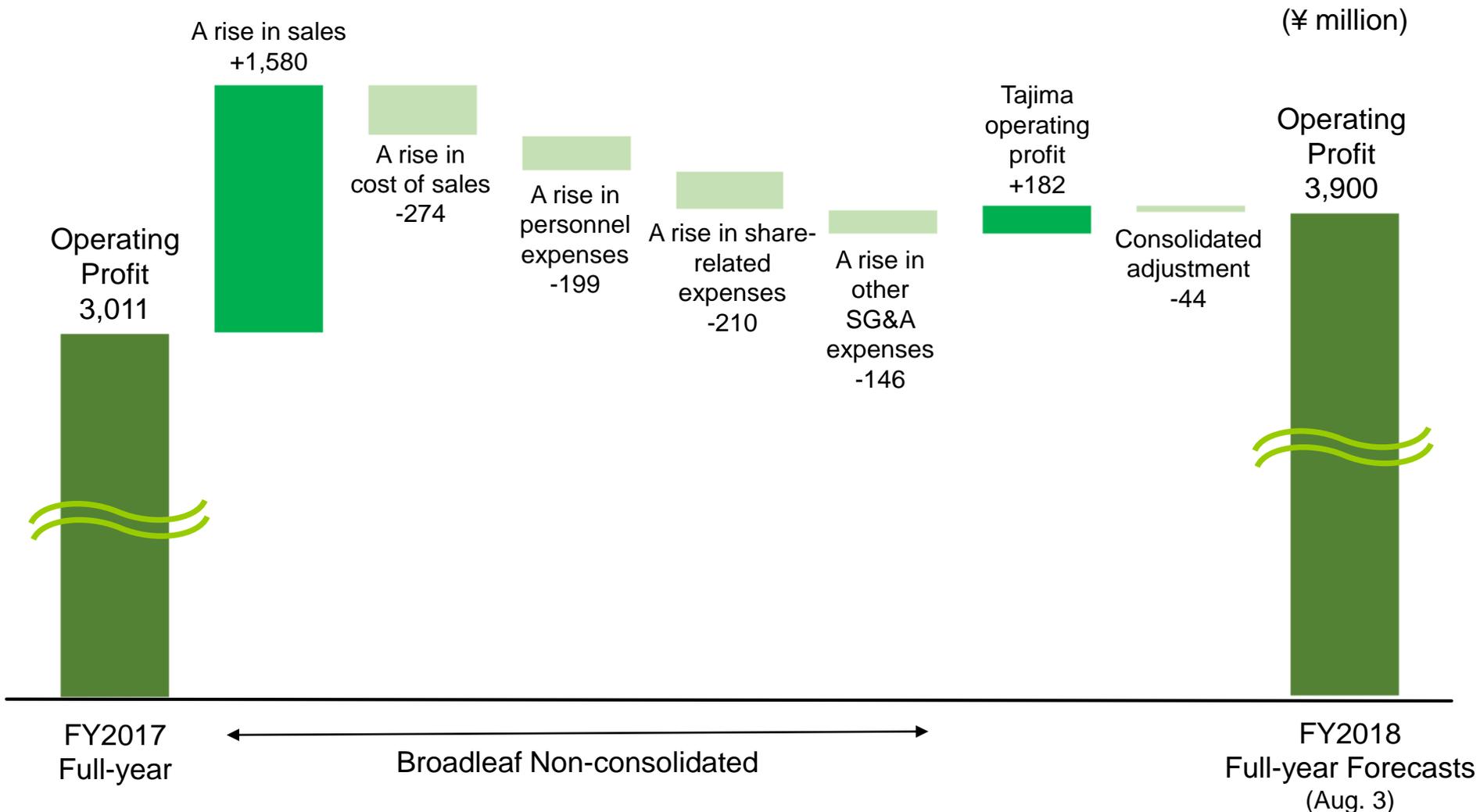
Sales Forecasts by Category (Consolidated, IFRS)

The sales forecasts for Business Application Software were updated in light of the progress in the first half.

(¥ million)	FY2018	FY2017		FY2018
	Full-year Forecasts	Full-year Results	YoY Change	Initial Forecasts
Business Application Software	13,960	11,737	+2,223	13,130
System Support	1,310	1,264	+46	1,340
Maintenance	580	556	+24	580
Provision of Consumables	730	708	+22	760
Network Service	5,930	5,194	+736	5,930
Stock	4,820	4,177	+643	4,820
Transaction	960	939	+21	1,010
PSF	650	642	+8	680
Order Placement and Acceptance	310	296	+14	330
Others	150	78	+72	100
Total	21,200	18,195	+3,005	20,400

Breakdown of Increase/Decrease in Operating Profit (Consolidated, IFRS)

In addition to the effects of the revenue increase of Broadleaf, Tajima also contributed to the profit increase.

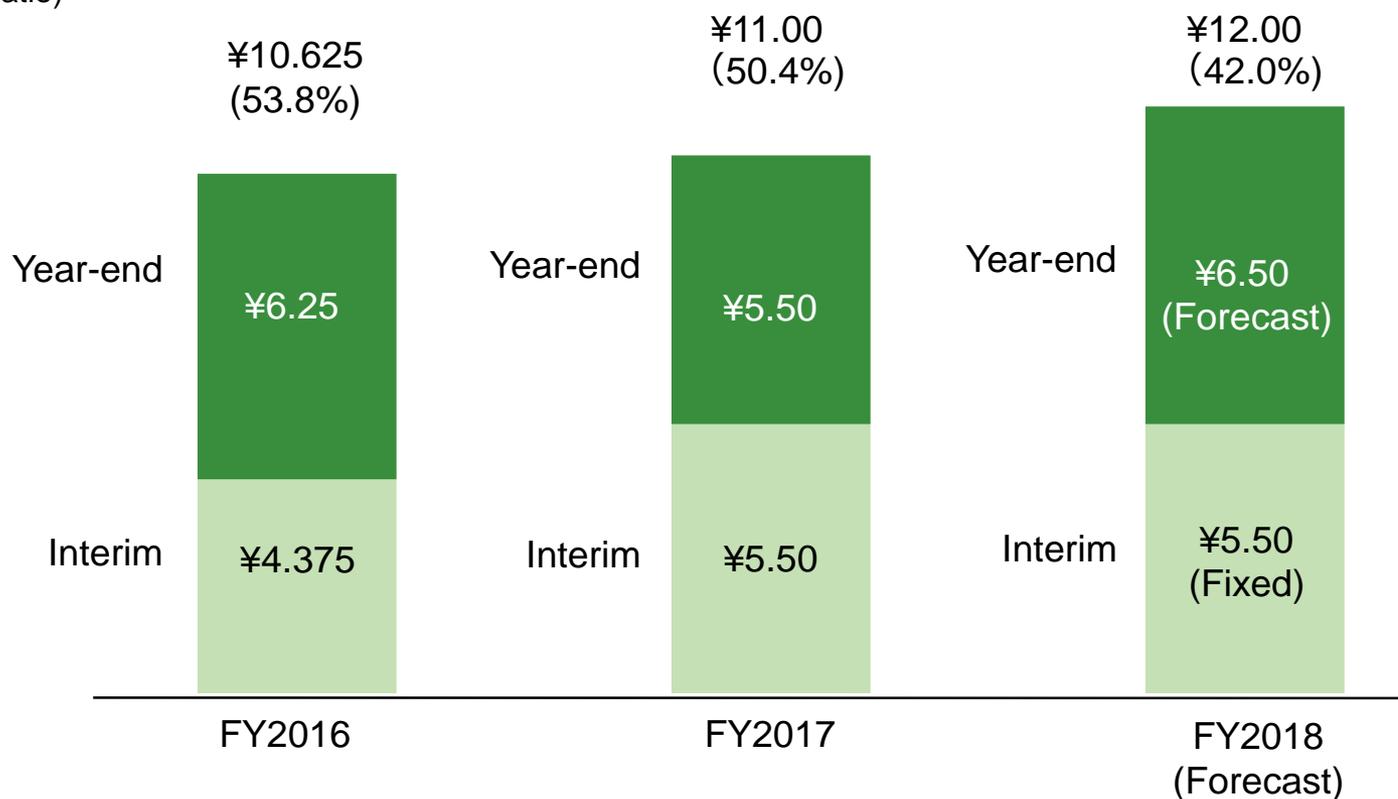


Dividends

The year-end dividend forecast was revised to ¥6.50, an increase of ¥1.00 per share from the previously announced forecast.

Together with an interim dividend of ¥5.50, the annual dividend is ¥12.00, an increase of ¥1.00 year on year.

Annual dividend
(Payout ratio)



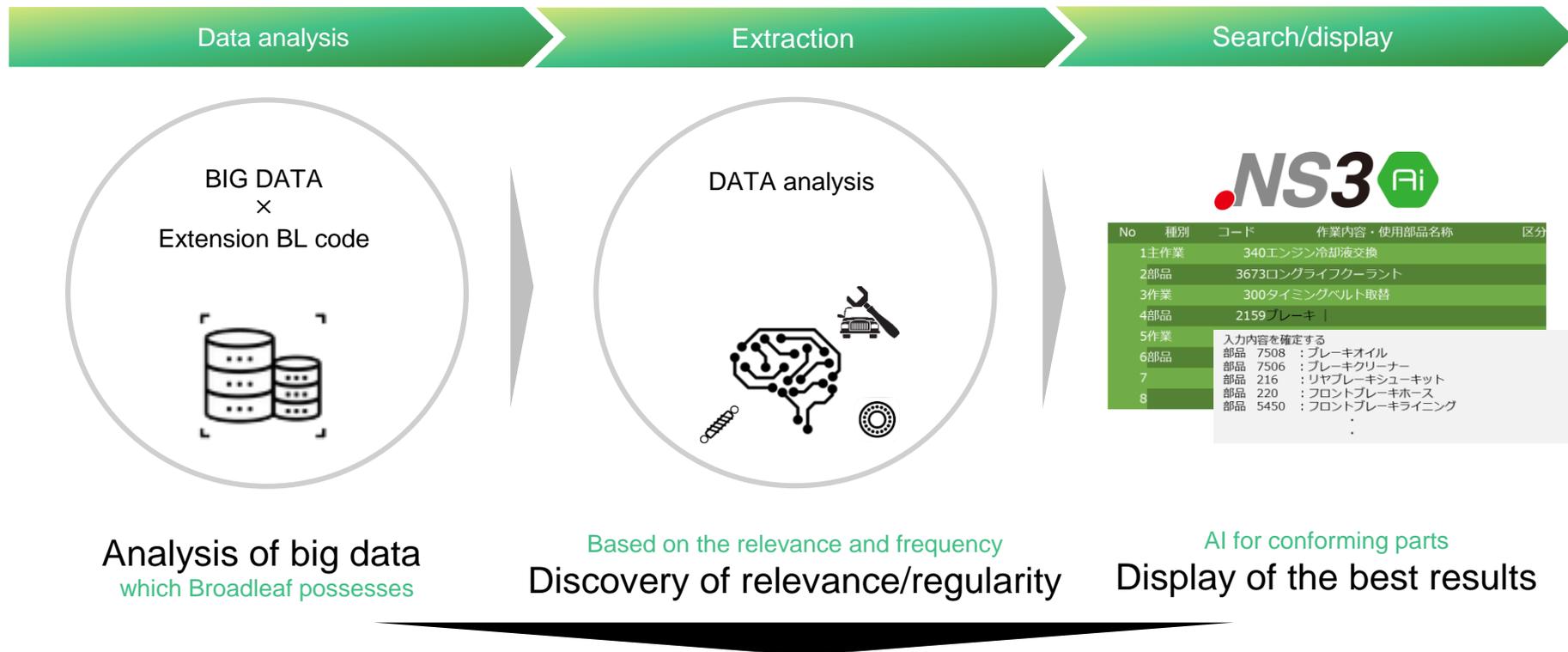
Note: Amount after adjustment for the stock split (1:2) on the effective dates of December 17, 2016 and April 1, 2018

Chapter 3 Recent Initiatives



Product Development - AI -

Input of “.NS3Ai” for medium- to large-scale maintenance providers in 3Q



The more use, the more convenience due to the learning effects,
which increases with the use by each user

Measures for Expansion of Transactions

PSF

The system link with NGP Group (*) will start from the second half.
This link will make it possible to cover about half of the market of recycled parts.

- Toward an increase in the volume handled at the platform for transactions of recycled parts of the Company (Parts Station NET)

BLP

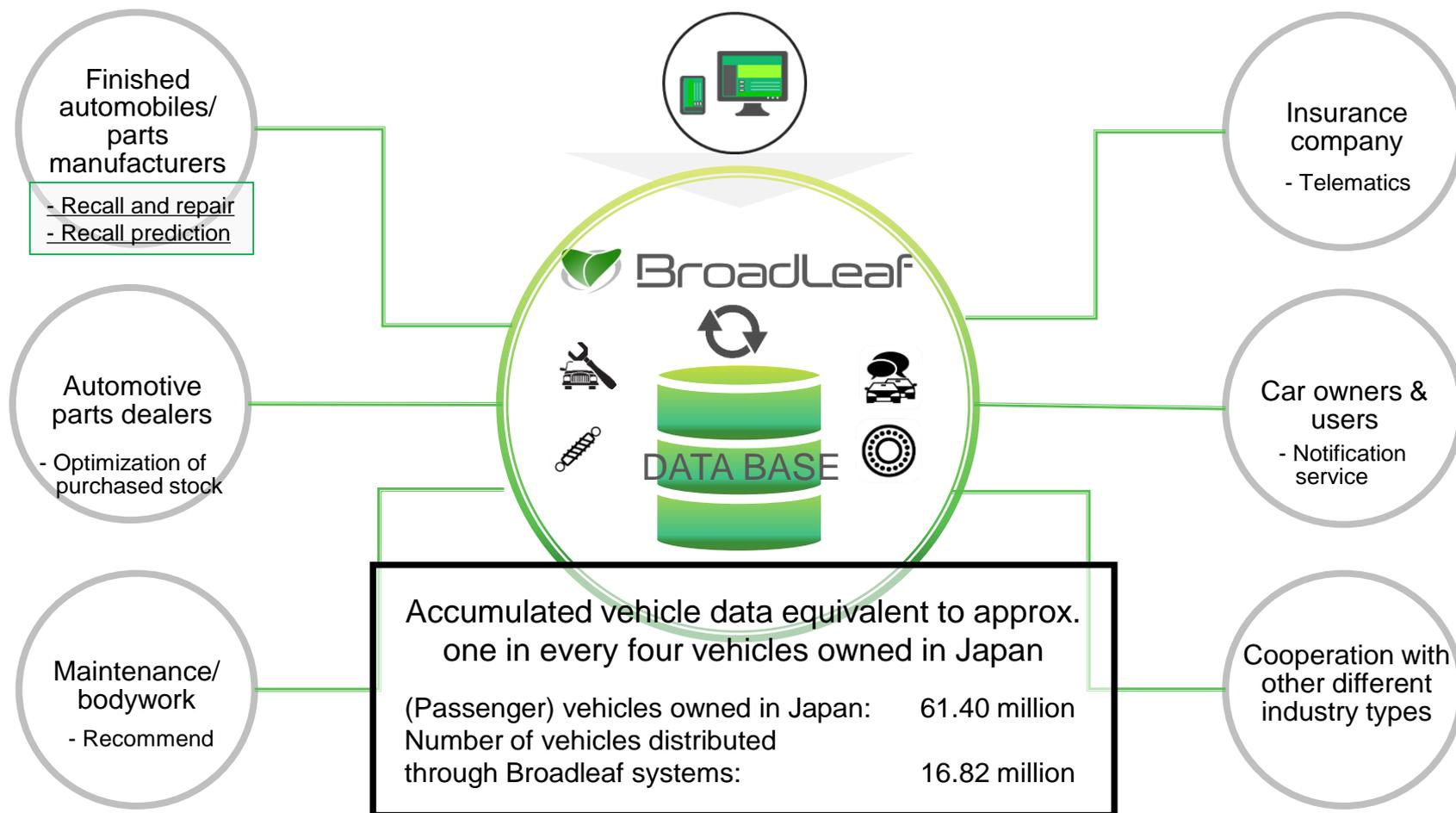
Significant extension of the digit number of the BL code
It becomes possible to identify products in detail under the BL parts order system

- Toward an increase in the rate of use and the number of users of the BL parts order system (such as the placement and receipt of orders)

* NGP Japan Automobile Recycling Business Cooperative

Expansion of Customer Market by Utilizing Data

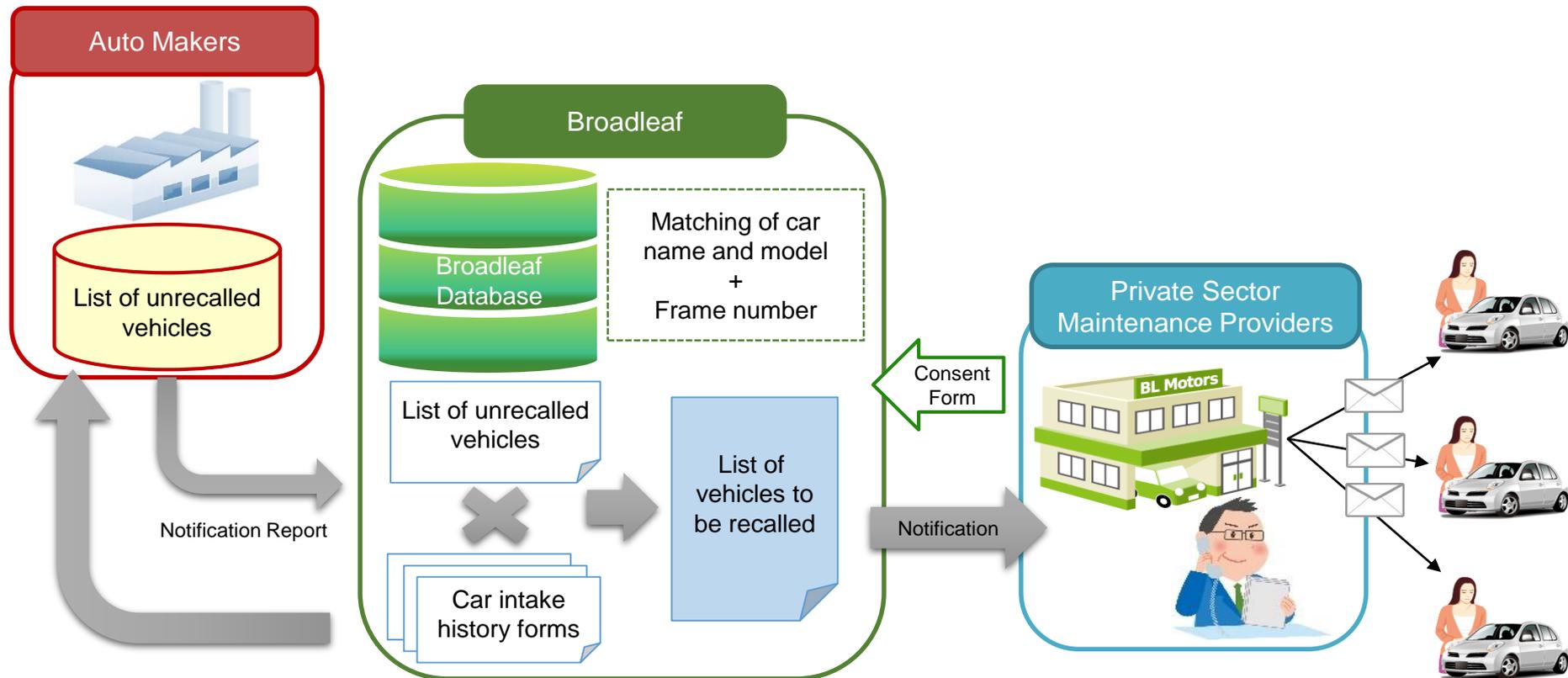
For customers from various industry types, including manufacturers of finished automobiles
 Aim to provide a data service of high added value



Start of Data Service for Recall and Repair

Beginning coordination between finished vehicle manufacturers and maintenance shops to resolve the social issue of recall problems

■ Data matching of recalled and repaired vehicles (Extract from March 12, 2018 press release)



Appendix

Corporate Profile, etc.



Corporate Profile

Corporate Name	Broadleaf Co., Ltd.
Representative Director, President and CEO	Kenji Oyama
Listed on	Listed on the First Section of the Tokyo Stock Exchange on March 22, 2013 (3673)
Founded/Established	December 2005/September 2009
Capital Stock	JPY 7,147 million
Business Outline	IT network system to support automotive aftermarket operators and provision of services on the platform (Business applications, platforms for cooperation with different industries, recycled parts marketplace, development of car-related contents, etc.)
Head Office Address	Floor 8, Glass Cube Shinagawa, 4-13-14 Higashi-Shinagawa, Shinagawa-ku, Tokyo
Sales Offices	31 offices in Japan (as of July, 31, 2018)
Development Centers	3 centers in Japan (Sapporo, Tokyo and Fukuoka)

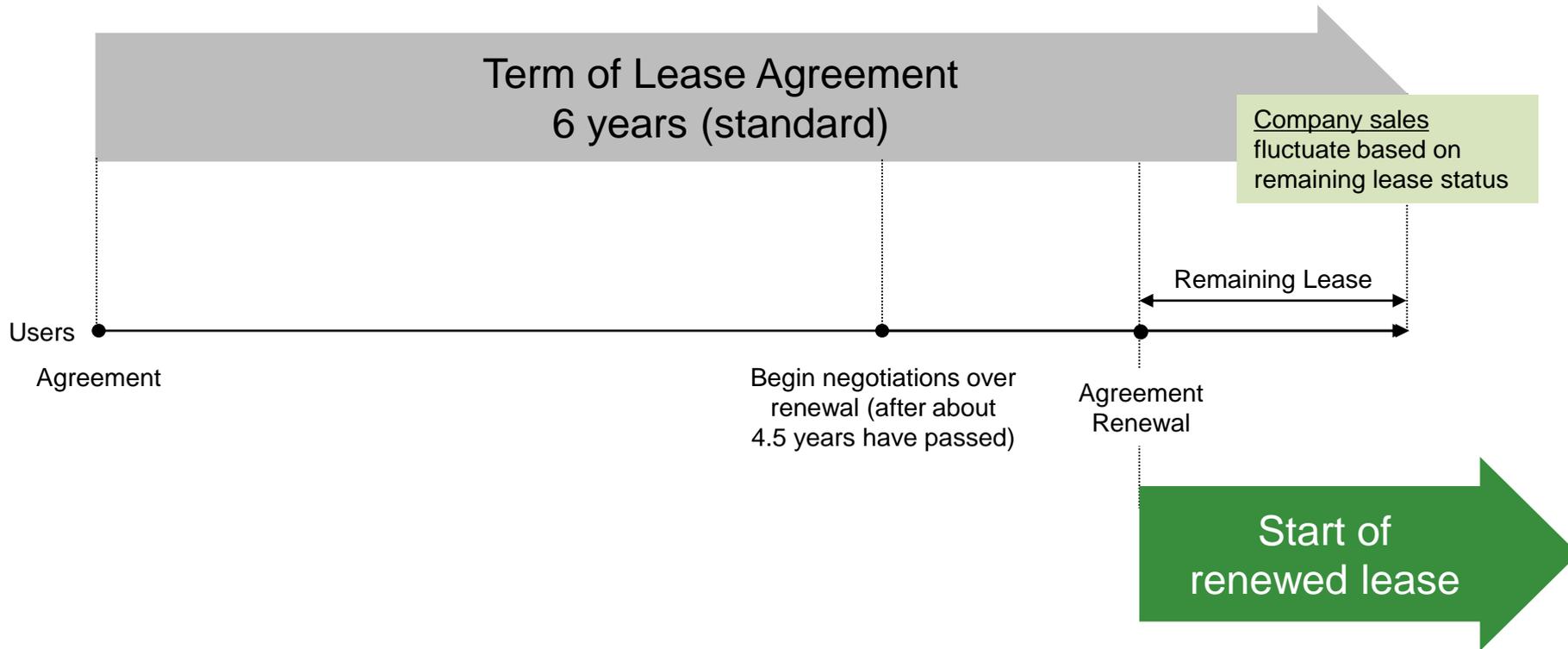
Sales Fields

Although the Company is in a single segment of IT services businesses, we have adopted the following classifications by business area

Classification			Detailed businesses
Major category	Medium category	Small category	
Business Application Software			<ul style="list-style-type: none"> - Development and sale of industry-specific business applications - Development and sale of operation analysis/optimization software - Purchase and sale of PC bodies, printers, etc.
System Support	Maintenance		- Business application maintenance service to the Company's Business Application Software customers and provision of hardware maintenance services
	Provision of consumables		- Purchase and sale of exclusive forms and OA supply goods to be used for the business applications
Network Services	Stock		<ul style="list-style-type: none"> - Provision of database of car-related vehicle information and parts-related information that is updated daily - Consideration for server maintenance required for the use of network-type systems
	Transactions	PSF	<ul style="list-style-type: none"> - Operation of recycled parts distribution network "Parts Station NET" that shares inventory information on recycled parts - Collecting fees as transaction amount settlement agency for parts dealing
		Order Placement and Acceptance	<ul style="list-style-type: none"> - Provision of computerized ordering system "BL Parts Order System" for automotive parts - Provision of tablet-type operation terminals "CarpodTab" to maintenance business operators, etc.
	Others		- Products and services other than the above

Business Application Software User Renewals

■ Image of User Renewals



Disclaimer

Results forecasts and future predictions provided in this document are the Company's judgment based on the information available as of the time of preparation of the document and contain potential risks and uncertainties.

Accordingly, please understand that the actual results may differ from the results forecasts provided here.

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